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C O N F I D E N T I A L SECTION 01 OF 03 MANILA 000464

SIPDIS

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TAGS: [PGOV](#) [KCOR](#) [PREL](#) [MARR](#) [ECON](#) [PINR](#) [RP](#)

SUBJECT: ANTI-CORRUPTION DRIVE PICKS UP STEAM

REF: A. MANILA 0084

[B](#). MANILA 0042

[C](#). 04 MANILA 05834

[D](#). 04 MANILA 5262

[E](#). 04 MANILA 5549

Classified By: Political Officer Andrew McClearn for  
Reasons 1.4 (b) and (d)

[1](#). (C) Summary: Mission is actively working with GRP counterparts to help them develop legal cases against Philippine officials who have allegedly been engaged in graft and other forms of corruption. GRP officials have recently advanced numerous new corruption-related cases against prominent military and civilian officials. The proliferation of cases is a clear sign that the Philippine government is ramping up its anti-corruption drive. The Ombudsman and his office, in particular, deserve commendation for their professionalism and energy in moving forward on so many fronts, despite serious resource constraints. End Summary.

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Mission Assistance to GRP  
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[2](#). (C) Mission is working with GRP counterparts to develop legal cases against Philippine officials who have allegedly been engaged in graft and other forms of corruption. On January 20, Emboffs from DOJ, LEGATT, and DHS met with GRP Ombudsman Simeon Marcelo and Director Victor Aquino from the Anti-Money Laundering Council (AMLC) to discuss in detail several of the anti-corruption cases currently underway in the anti-graft court, the Sandiganbayan. GRP officials agreed in principle to continue regular meetings of this first joint US-RP anti-corruption working group in order to exchange detailed information on pending anti-graft cases involving citizens of both countries and their possible ill-gotten assets. DHS, LEGATT, and JUSMAG officials have also stepped up coordination with GRP officials in the investigation of five open cases involving prominent GRP officials accused of corruption, and development work is underway on several other cases. As a result of this cooperation, GRP officials have been able to strengthen several high-visibility cases with access to the ownership records of US assets by GRP officials who are under scrutiny.

[3](#). (C) In addition, LEGATT is assisting the Office of the Ombudsman as it develops a personnel management system constructed to manage more effectively the burgeoning number of Ombudsman officials (now over 200) involved in an increasing array of investigations. Emboffs also met recently with Secretary-designate of Finance Cesar Purisima, who strongly supported continued DHS assistance to ongoing investigations conducted by the Department of Finance's (DOF) Revenue Integrity Protection unit. (Note: DOF's internal audit and investigative arm also has regulatory responsibility over the Bureau of Customs and the Bureau of Internal Revenue. end note) Separately, a joint USG-GRP initiative, led by DHS/TSA, at Manila's International Airport recently resulted in the placement of visible signs at both arrival and departure terminals notifying passengers of the Philippine legal requirement to declare possession of cash amounts greater than USD 10,000. TSA, US Treasury contractors, and GRP officials are working on a related initiative that would insert similar language on customs declaration forms submitted by arriving passengers. Mission is also pursuing DOJ-sponsored training for GRP counterparts that would build capacity in the judicial system to deal with an expected spike this year in the number of money laundering cases moving through the court system.

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AFP Cases  
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[4](#). (C) Investigators continued to advance cases against prominent AFP officers allegedly involved in graft. On January 25, the Supreme Court dismissed a petition by Major General Carlos Garcia that had questioned the Sandiganbayan's jurisdiction over the perjury charges filed against him. (Note: Garcia faces prosecution in both the Sandiganbayan and in a military court martial -- reftels. end note)

Separately, Special Prosecutor Dennis Villa Ignacio told Emboffs that the Ombudsman's Office was compiling additional evidence against Garcia that could result in the filing of additional, more serious charges (i.e., "plunder") against him in the Sandiganbayan. In the ongoing court martial, the finance officer of the Armed Forces Police Savings and Loans Association (AFPSLAI) recently testified that an account at AFPSLAI owned by Garcia had earned over USD 100,000 in dividends alone from June 2000 to December 2003.

15. (U) Additional developments involving other AFP officers include:

-- In a January 26 hearing, retired Lt. General Jacinto Ligot faced questions before the House Committee on National Defense. Ligot, who was Garcia's predecessor as AFP Comptroller from 1999 to 2001, featured prominently in a December 2004 article in "Newsbreak," a local magazine, that questioned Ligot's ownership of assets worth over USD 1 million, including two homes in California. Representatives conducting the hearings were reportedly exasperated with Ligot, who claimed his "right against self-incrimination" at least 21 times. The Chair of the Committee, Rep. Roilo Golez, told reporters that Ligot's case was similar to that of Garcia; "One is the immediate successor or predecessor of the other. It's like the technology was transferred," he said;

-- On January 20, the Office of the Deputy Ombudsman for Military and other Law Enforcement Offices (OMB-MOLEO) filed charges in the Quezon City Regional Trial Court against Lt. Col. George Rabusa for allegedly unlawfully acquiring properties worth nearly USD 800,000. Rabusa worked for Garcia when the latter was AFP Comptroller from 2001 to 2004. OMB-MOLEO filed three counts of perjury against Rabusa for failing to explain adequately his accumulation of assets, which, according to the OMB-MOLEO's investigation, were "grossly disproportionate to his and his wife's income." Rabusa's wife and father-in-law were also charged with conspiracy in the corruption charges.

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New Cases Proliferate  
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16. (U) The volume of anti-corruption cases involving civilian officials has mushroomed in recent weeks. A list of investigations and charges involving several agencies follows:

-- On January 17, the Office of the Ombudsman dismissed from service Manila's Port District Manager Leopoldo Bungubung after an investigation showed that he routinely demanded bribes as he managed contracting processes at the Port. The Ombudsman approved the filing of charges in the Sandiganbayan against Bungubung for violating the Anti-Graft and Corrupt Practices Act;

-- On January 24, the Office of the Ombudsman ordered presidential adviser and former foreign secretary Roberto Romulo to submit a counter-affidavit in order to refute a complaint filed earlier by former Solicitor General Francisco Chavez. Chavez accused Romulo of several conflicts of interest arising from Romulo's executive role at multiple private sector positions which, Chavez alleged, presented serious conflicts with his current public position as Senior Adviser on International Competitiveness to President Arroyo;

-- On January 24, Ombudsman Simeon Marcelo ordered the firing of two officials at the Bureau of Customs. Division Chief Flor Aguilar and Operations Officer Honore Hernandez were removed after investigations revealed that both officials possessed multiple automobiles and properties for which they were unable to account. Marcelo publicly commented that the investigations had showed that both officials "manifestly violated the law and flagrantly disregarded established rules;"

-- In the aftermath of the December 2004 typhoon disaster in eastern Luzon, a NGO has filed a complaint with the Ombudsman accusing 22 current and former public officials, including Congressman Junie Cua and former Budget Secretary Salvador Enriquez, with graft associated with illegal logging activities in Quirino province northeast of Manila. The complaint, made public for the first time January 27, alleged that the 22 officials conspired to pocket nearly USD 3 million of mining and forestry tax collection funds in 1995, and that extensive illegal logging operations in the mountains of Quirino and Aurora contributed to the severity of the recent disaster. Congressman Cua has asserted that the accusations were politically-motivated. No formal charges have been filed;

-- On January 24, the Philippine National Police (PNP) began an investigation into allegations that two PNP officers in

the province of Aklan purportedly attempted to bribe fellow officer Jonathan Moreno to recant his earlier testimony in a case against a narcotics trafficking suspect. The PNP officers also allegedly tried to place other forms of pressure on Moreno. On January 26 during a local festival, Moreno -- who apparently had become mentally unhinged, perhaps due to this pressure -- went on a shooting rampage that killed eight people, including five PNP officials;

-- On January 25, Pampanga province Vice Governor Joseller Guiao made public an appeal to President Arroyo to begin an investigation into corrupt practices allegedly committed by Governor Mark Lapid, and his father, Senator Manuel "Lito" Lapid. Guiao accused the Lapid family of illegally skimming revenues from the local government-owned Natural Resources Development Corporation, a lucrative local quarry in Pampanga, President Arroyo's home province just north of Metro Manila. GRP officials are investigating the charges.

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Comment  
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17. (C) The proliferation of cases involving graft and other forms of corruption is a clear sign that the GRP is further ramping up its anti-corruption drive. The Ombudsman and his office, in particular, deserve commendation for their professionalism and energy in moving forward on so many fronts, despite serious resource constraints. The Arroyo administration also deserves commendation in this effort, as it continues to highlight in public the importance to the country's political system and economy of combating corruption to the full extent possible. Mission -- which is working closely with the GRP -- will continue to support the GRP's anti-corruption effort in every way possible.

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